G. R. S. IX-5]

Previous references.

G.I 159-16 (2,3,4,5,6,7,8,9,10,10a 10b)

1916-17

(G.I.)

File No. 159-16

Serial Nos. 11, 12, 13 & 14

Later references.

G.I 159-16 (15)

G.I 159-16 (1-9)

4 18-1786: 2-11, 15-20, 18 Dec 1918

11 55-19-18, 33-40, 42-47.

GENERAL AND REVENUE SECRETARIAT.

---

p. 18

(E)

Serial Nos. 11, 12, 13 & 14

Part B for June 1917.

SUBJECT.

Mr Leatha's note on the Resumption of Mysore Railway Loan

From The Comptroller

Ser: 11 Submitting for information Copy of Telegram received from Messrs Centlivres & Co: London stating that they have bought further Debenture Stock of the face value of £ 50,000.

Ser: 13 Approved

Ser: 14 Copy to Mr Leatha

W D 88—GPB—50,000—24-7-16

GENERAL AND REVENUE SECRETARIAT.

(G. J.)

NOTES.

File No. 159-16

FILE HEADING.

Mr. Datta's note on the Redemption of the Mysore Railway Loan.

From

The Comptroller —

No. 10053/983 Dated 25. 5. 17 Received

Diary No. 2925.	Enclos.	Spare Copies.	Serial No.

BRIEF ABSTRACT OF LETTER.

Vide Serial .11.

NOTES AND ORDERS.

NOTES—First Sheet.

P. J. O.

WD 1233—GPB—60,000—1-12-16—S.

G. R. S. III-2]

General and Revenue Secretariat. | G.7 File No. 159 of 1916.

Serial No. 11

From the Comptroller to Govt no. 10053 Bank 983 dy 25.5.17

Forwards copy of telegram received from Messrs Carter Jco, stating that they have bought further debenture stock of the face value of £ 50,000, the total stock purchased so far being £ 63,380, and states that as our Surplus balance with Messrs Carter Jco will be only about £ 53,515 by the end of June 1917 and as it may be required for buying more stock, the proposal to pay some of the War Loan subscription instalments in London may be given up.

D 1886
97159-16

Submitted for orders. The previous papers were submitted to the First Member on 24.5.17.

Regarding the payment in London of 2 of the War Loan instalments, intimation has been received from the Residency that Sanction of the Secy of State for India has been obtained for paying the instalments on British Treasury Bills, and the opinion of the Comptroller is called for as to the suitability of the proposal.

RBL WM Submitted for information in reply

Continuation -

On receipt of Comptr's reply to the letter the Govt will have to be informed that the instalments towards the War

NOTE—Contn. sheet.

WD 1233—GPB—60,000—1-12-16—S.

G. R. S. III-2]

2925

General and Revenue Secretariat. | S. 7 File No. 159 of 1916.

Serial No.

loan will also be paid in India and that no arrangement for payment of any of the instalments in London is necy.

(Mr. Marsden) .. 18
26/5/1917

3352/30.5.17 Seen. The premium before Loan been issued & returned cheque.
29/5/17

6879/30.5.17 Dewan). Foreign - 18
Draft Orders in regard to 30/5/17
the payment at London is put up separately.

Seen by the Dewan and the draft put up in G. F. file No: 158 of 1916, approved by the Dewan - 12.6.17 -

File 15/24/6

WD 1233—GPB—60,000—1-12-16—S.

G. R. S. III-2]

General and Revenue Secretariat.

G. 7 File No. 159 of 1916.

Serial No. 12

From The Comptroller

no. 10204 Banks 1020 dt 27.5.17

Submits copies of two more telegrams from Messrs Cantt & Co intimating that they have bought additional debenture stock of the face value of £72,000, that as the balance available with the bankers has practically been exhausted, he has wired to them to stop further purchases till receipt of further instructions, and that a report on the subject of buying more of the Debenture Stock will be sub separately.

The previous papers on the subject are of the 18th November.

The Debenture Stock purchased so far is detailed below:—

Comptroller's letter intimating	Face Value	Rate	Cost.
			£ sh. d
No. 9862 dt 24.5.17 Bank 962	10,000	75	7,474 - 10 - 6
"	3,380	74	2526 - 17 - 6
" 10052 dt 24.5.17 Bank 983	50,000	74	37,497 - 10 - 0
" 10204 dt 27.5.17 Bank 1020	40,000	74 3/8	30,048 - 12 - 6
"	20,000	74 5/8	24,150 - 18 - 6.
"	12,000	74 7/8	
Total	135,380	-	£101,698 - 9 - 0

A draft approving of the action taken by the Comptr is sub, as directed by the Asst Secy.

Asst 30/5

H Secy. 18 30/5/17.

NOTE—Contn. sheet.

WD 1233—GPB—60,000—1-12-16—

F 305/2

G. R. S. III-2]

General and Revenue Secretariat. G 7 File No. 159 of 1916.

Serial No.

The Drapt may come but the Comptr's report must come early to enable Govt to review the ways & means situation. Remind after a fortnight

M
3/6.

Issue and then submit to
Hon'ble members &
Dewan — for information

M
3/6.

13 To The Comptroller
H. 1441 dt: 7.6.17

Approves the action taken by the Comptroller in the above Serial requesting him to send the report promised in the last para of the letter in Ser: 12.

Subd.
M
9.6.17.

The following communication has since been received from the Comptroller —

14 no. 11022/Bdg 1088 dt 8.6.17

forwards a copy of Mr Dalton's note on the Subject.

Also Separately dealt with in another file pending the new procedure:
M
13.6.17.

Subd
M
11/6

(Secy). M May this file be submitted to Hon'ble members & Dewan for information in the meantime.

M
13.6.17

NOTE—Contra sheet.

M
21.6.17

3570
20.6.

1st member
Dewan
) M
21/6/17

M
20/6

20/6 18:2:16

WD 1233—GPB—60,000—1-12-16—S.

G. R. S. III-2]

General and Revenue Secretariat.	Serial No.	G.F. File No. 159 of 1916.
		Seen.
Noted 18 25.6.17		Early action is necessary on the further proposals of Mr. Datta. 23.6.17

Immediate

G.J 159-16 D. 2925
Ser: 11

It is requested that in future communications on the subject, the No. and date of this letter, and the distinguishing letters, below the number as given opposite, may be quoted and addressed to the Comptroller, Mysore Government.

the communication.

No. Bank 983. 9/1 (0053)

FORM

OFFICE OF THE COMPTROLLER, MYSORE GOVERNMENT,

Dated Bangalore, the 25th May *191*7.

~~DIWAN BAHADUR J. S. CHAKRAVARTI, ESQ., M.A.,~~

M. N. Krishna Rao, Esq., B.A., ~~F.R.A.S., ETC.,~~

Offg.: *Comptroller to the Government of His Highness the Maharaja of Mysore.*

To Rajamantrapravina Diwan Bahadur J. S. Chakravarti ..., ESQ., M. A., F.R.A.S., etc.,

Secretary to the Government of Mysore,

Financial *Department.*

SIR,

2886 18th Received 24/5/17

In continuation of my letter No. 9862/Bank 962 dated 21st May 1917., I have the honor to submit herewith for the information of Government copy of another telegram received from Messrs: Coutts & Co., stating that they have bought further debenture stock of the face value of £50,000/-. The total stock so far purchased is £63,380/- at a cost of £47,498-18-0.

2. Our surplus balance with Messrs: Coutts and Co., on 1st April was £61,014-16-4 and the estimated addition to this balance in the last quarter of the year is £40,000/-. The total to end of June 1917 may be taken at £1,01,014/- Of this £47,498-18-0 has already been utilised for buying the Railway debentures and a balance of about £53,515/- only will be left with Messrs: Coutts & Co. Now that this stock is finding a sale, more of it is likely to be offered for purchase and the balance with the Bankers may be required for buying it. In the circumstances it is advisable to leave the balance with the Bankers for buying more of this stock and not use any portion of it for paying any instalment of the War Loan subscription. The proposal to pay in London a part of this

GPB—2,000—25-9-21

C. O. 42-Rec.—17]

.....Department.

191 .

FROM

DIWAN BAHADUR
J. S. CHAKRAVARTI, ESQ., M.A.,
F.R.A.S., ETC.,
Comptroller to the Govt. of
H. H. the Maharaja of Mysore.

To

....., ESQ.,
Secretary to the Govt. of Mysore,
Fin. *Dept.*

Dated

Despatched 25/5/17

Received

No..... 10053/983

Subject matter.

Submitted for information
Copy of Telegram Received
from Messrs Castle & Co
London. Stating that
they have bought for us
debenture Stock 4% to the amount
£ 50000

subscription from the surplus balance with Messrs: Coutts & Co., may therefore be given up. The remaining instalments of our subscription to the War Loan will be arranged to be paid from our balance with the Madras Bank.

I have the honor to be,

Sir,

Your most obedient servant,

Offg: Comptroller of

Mysore.

MT/25-5.

25.5.17

Telegram dated 22nd May 1917, from Messrs: Coutts & Co., 440 Strand, London W.C., to the Comptroller to the Government of His Highness the Maharaja of Mysore, Bangalore.

.....

Your telegram yesterday. We have purchased further fifty thousand stock at seventy four and quarter costing three seven from nine seven pounds ten shillings.

" C o u t t s. "

.....

" C o p y "

For Superintendent, Comptroller's Office, Bangalore.

MT/25-5.

D 2958

It is requested that in future communications on the subject, the No. and date of this letter, and the distinguishing letters, below the number as given opposite, may be quoted and addressed to the Comptroller, Mysore Government.

the communications

97-159-16
8 no. 12

No. 10284 C
Banks.1020

OFFICE OF THE COMPTROLLER, MYSORE GOVERNMENT,

Dated Bangalore, the 27th May *1917.*

FORM

29 MAY 1917

~~DIWAN BAHADUR J. S. CHAKRAVARTI, Esq., M.A.,~~

M. N. Krishna Rao, Esq., B.A., ~~F.R.A.S., ETC.,~~

Offg. *Comptroller to the Government of His Highness the Maharaja of Mysore.*

To **Rajamantrapravina Diwan Bahadur**

J. S. Chakravarti, Esq., **M.A., F.R.A.S., Etc.,**

Secretary to the Government of Mysore,

Financial *Department.*

SIR,

In continuation of my letter No.10053/Banks.983 dated the 24th May 1917, I have the honor to submit herewith for the information of Government copies of two more telegrams from Messrs. Coutts and Co., intimating that they have bought additional Debenture Stock of the face value of £.72,000/-.

2. The balance available with Messrs. Coutts and Co., has practically been exhausted by these purchases and I have wired to them for stopping further purchases until receipt of instructions to continue to buy the stock.

3. This investment has solved the difficulty of getting our surplus remitted to India.

4. In view of the present rate of exchange, remittances to India of our surplus balances, even if possible, would have involved a large loss and this loss on remittance has also been saved by the investment made.

5. It is desirable to buy more of the Debenture Stock if funds

GPB—2,000—25-3-14

C. O. 42–Rec.—17]

.....Department.

191 .

FROM

DIWAN BAHADUR

J. S. CHAKRAVARTI, ESQ., M.A.,

F.R.A.S., ETC.,

Comptroller to the Govt. of

H. H. the Maharaja of Mysore.

To

....., ESQ.,

Secretary to the Govt. of Mysore,

Dept.

Dated 24

Despatched

Received 6204 En

No..... 6210

Subject matter.

funds for purchase can be found. A report on this subject will be submitted separately.

I have the honor to be,

Sir,

Your most obedient servant,

Offg. Comptroller.

CV/27-5

27/5/17

Telegram dated 23rd May 1917 from Messrs. Coutts & Co., London to the Comptroller, Mysore Government, Bangalore.

.....

In addition to the fifty thousand debenture stock purchased yesterday as telegraphed we have to-day bought forty thousand at seventy four three eights costing thirty thousand and forty eight pounds twelve and six penee."

@@@@@@@@

Telegram dated 26th May 1917 from Messrs. Coutts & Co., London to the Comptroller, Mysore Government, Bangalore.

.....

"London 24th our telegram yesterday we have to-day bought further debenture stock twenty thousand at seventy four five eighths twelve thousand at seventy four seven eighths costing twenty four thousand one fifty pounds eighteen and six pence."

@@@@@@@@

" Copy "

Banking Section
27. 5. 17

G. R. S. 26]

SUBJECT.....

Diary No. of letter replied to 2958

General and Revenue Secretariat

(G.7)

, *the* 191 .

Date of issue 7-6-17

Signed by W Sheen / Secretary to Govt

Section 57

File No. 159-16.

Serial No. 13

No. 76740

7 June/17

To

The Comptroller to Govt

Sir

With reference to the correspondence ending with your letter no 10204/1020 G.7.5.17 re the purchase of Southern Calcutta Railway Debenture Stock, I am directed to state that Govt approve of the purchases made so far and of your action in having asked Messrs Cautts & Co. to stop purchase until receipt of further

instructions. The report promised

in the last para of your letter, which will no doubt deal with the ways & means question also as affected by this investment.
~~is required~~ may kindly be submitted as early as practicable

Thanks

Pvt Secretary.

30/5/41

30/5/41

List of enclosures.

Copied by

Examined by

—G.P.B.—20,000—14-2-14

D 3052

G.F. 159
Sec.

9 JUN 1917

It is requested that in future communications on the subject, the No. and date of this letter, and the distinguishing letters, below the number as given opposite, may be quoted and addressed to the Comptroller, Mysore Government.

No. 4022 OFFICE OF THE COMPTROLLER, MYSORE GOVERNMENT,

FORM Bank 1088/8.10.16 *Dated Bangalore, the* 8th 6 — 1917.

M. N. Krishna Rao Esq.,

~~DIWAN BAHADUR J.S. CHAKRAVARTI, ESQ.,~~

~~M.A.,~~

~~F.R.A.S.,~~ ~~ETC.,~~

Offg: *Comptroller to the Government of His Highness the Maharaja of Mysore.*

To Rajamantrapravina Diwan Bahadur

J.S. Chakravarti ..., Esq., M.A., F.R.A.S., &c.,

Secretary to the Government of Mysore,

Financial *Department.*

SIR,

With reference to your letter No.Fl.7440/G.F.159-16-13 dated 7th June 1917, I have the honor to state that Mr.Datta has noted on the subject and I enclose a copy of his note.

I have the honor to be,

Sir,

Your most obedient servant,

M.N. Krishna Rao

Offg: Comptroller.

MS

U.

GPB—2,000-25-8-14

C. O. 42-Rec.—17]

.....Department.

191 .

FROM

DIWAN BAHADUR
J. S. CHAKRAVARTI, ESQ., M.A.,
F.R.A.S., ETC.,
Comptroller to the Govt. of
H. H. the Maharaja of Mysore.

To

..... ESQ.,
Secretary to the Govt. of Mysore,
Dept.

Dated

Despatched 8/6/17

Received 11-6-22

No..... 1088

Subject matter.

Enclosing copy of Sir Selby's note

URGENT AND CONFIDENTIAL.

SECOND NOTE ON REDEMPTION OF THE MYSORE RAILWAY LOAN.

In my first note on "Redemption of the Mysore Railway Loan", I suggested that the State should purchase as much of the debenture loan as could be had at a price not higher than 77 per cent. This suggestion was approved by Government in their No. Fl. 4687-8—G. F. 73-16-2, dated 23rd February 1917. According to this order, the Comptroller has now bought through Messrs. Coutts & Co., debenture stock of the face value of £135,380 at a cost of £101,698-9-0. The cash balance of the State available with the Bankers having been exhausted, further purchases have been stopped for the present.

2. At the time I wrote my note I thought that any large amounts of this loan might not be available on the market. When the Comptroller placed the order for purchase with the Bankers, they reported that this stock was not on the market and that there was no likelihood of its being procurable. They were, however, asked to try. The enquiry made by the brokers of Messrs. Coutts & Co. has however brought this stock to the market and now that its holders know that there is a demand for it, fairly large quantities are being offered for sale and it now seems to be possible to purchase still larger quantities. I consider that it is desirable to continue to buy the stock to the extent to which funds can be found to meet the cost.

3. The average price at which the stock has been bought is $75\frac{1}{8}$ per cent including accrued interest, brokerage, etc. Excluding interest, the cost may be taken at $74\frac{1}{2}$ per cent and as it is redeemable at par in 1936 the gain on the purchase so far made is $\frac{£135,380}{100} \times 25\frac{1}{2} = £34,522 = \text{Rs. } 5,17,830$. The rate of exchange ruling for some time past has been about 1*s.* $4\frac{1}{4}$*d.* At this rate the remittance of the amount which the State had with Messrs. Coutts & Co., would have entailed a heavy loss even if the amount could be remitted to India at all and this loss has also been saved. I think it will be possible to buy a large quantity of the stock at about 75 per cent and this means that one-fourth of the debt will be wiped out, while the State will be earning $5\frac{1}{3}$ per cent on the amounts spent on the purchase of the stock as explained below.

4. Apart from the very substantial gain to the State on the redemption value of the stock, the purchase of the stock is itself a profitable investment. The debenture stock bears interest at 4 per cent and if bought at 75 per cent, the yield will be $5\frac{1}{3}$ per cent which is better than the return of $5\frac{1}{4}$ per cent on the 5 per cent War Loan in which the State has recently invested $33\frac{1}{3}$ lakhs.

5. As long as the War continues, it may be impossible, as it has been for many months past, to get the surplus balance with Messrs. Coutts & Co., remitted to India and such balance will have to be invested in England at least temporarily and there cannot be a better investment for the State than in their own debentures at their present low market price.

6. This debenture stock was issued with the sanction of the Secretary of State and interest on it is guaranteed by him. Its repayment has also been provided for by the formation of a sinking fund under the orders of the Secretary of State. It is therefore a security of the same kind as the pro-notes of the terminable loans of the Government of India and any Bank will be prepared to lend money on it.

7. The purchase of as much of this stock as may be available, being in every respect advisable, the question for consideration is how should funds for the purchase be found. In my note on "Redemption of the Mysore Railway Loan," I have recommended the sale of $3\frac{1}{2}$ per cent securities in instalments and this recommendation has been accepted by Government. Notes of the face value of 13 lakhs have already been sold, but further sales have not been made as the prices offered are not quite acceptable and as long as the New War Loans are open, there will be no demand for the $3\frac{1}{2}$ per cents. I think however that there will be a demand for these securities some time hence, after the New War Loan is closed. As opportunities for sale offer themselves the $3\frac{1}{2}$ per cent paper should be sold and the proceeds used for buying the Railway debenture stock. The State holds 6 lakhs in 4 per cent conversion notes

and has subscribed for 35 lakhs in the New War Loan 1929-47. All these notes may be sold for investment of the proceeds in the Railway stock. I think the other investments held by the State, as given on the margin, should also be disposed of if acceptable prices can be obtained for them and the proceeds used for the same purpose. These are, however, methods on which we cannot count for an immediate supply of funds necessary for resuming purchase of the Railway debenture stock at once, which in my opinion is very necessary. It would be a great mistake for the State to lose the present opportunity of buying the debentures at their present low price. I think the best means of finding funds for continuing the purchase of the stock is to borrow in London on the security of the stock already purchased. The Comptroller has, at my instance, made enquiries of Messrs. Coutts & Co., regarding the prospects of raising money by pledging the stock already bought and the Bankers have informed him that they themselves are prepared to lend £80,000 on the stock now in their possession at one-half per cent above Bank rate. The amount which Messrs. Coutts & Co. have offered to advance is 80 per cent of the value of the stock. The Bank of England rate is now 5 per cent and it is not likely to rise within the next 6 or 7 months, during which period alone we may require the accommodation under consideration. We may therefore take it that the rate of interest we shall have to pay on the amount borrowed by us will be $5\frac{1}{2}$. As stated in para 4 above, the investment in this stock yields a return of $5\frac{1}{3}$ per cent. The gain by exchange will also be equivalent to about $\frac{1}{12}$ per cent. Borrowing at $5\frac{1}{2}$ per cent will therefore involve a loss of $\frac{1}{12}$th per cent which is insignificant compared with the advantages to the State of buying as much as possible of its own debt at its present low market price and practically redeeming it at 75 per cent of its nominal value.

	Rs.
Municipal Debentures	18,00,000
Karachi Port Trust Debentures	4,50,000
Government of India Sterling paper	21,82,500

8. If the offer of Messrs. Coutts & Co. is accepted, a sum of £80,000 will become immediately available and stock of the face value of about £106,600 can be bought for it. This sum of £80,000 can be repaid in the next 6 or 7 months as the surplus balance of the State in England during the period will be about £100,000. It is uncertain when it will become possible to get the funds remitted from England to India and the proposal to borrow temporarily from Messrs. Coutts & Co., will not only enable us to continue to buy the stock but also solve the difficulty of remittance of funds to India. The additional stock thus bought will also become available for further borrowing for further purchases. The situation will of course have to be considered from time to time in the light of the quantities of stock which may be available in the market for purchase, the amounts that can be found from the surplus balances with Messrs. Coutts & Co., the funds that can be raised by borrowing on the security of additional stock bought and the amount that it may be possible to find by selling the $3\frac{1}{2}$ per cent and other securities now held by Government.

9. As explained above we can raise on the security of the stock purchased by us 80 per cent of its present market value. That is, we have to find in cash only 20 per cent of the cost. The cost of the whole £1,200,000 of the stock at the present rates is only £900,000 and to purchase them we have to find in cash only £180,000. We have already found in cash £100,000 and during the next 5 or 6 months we shall be able easily to find the balance of £80,000. So that we have the means of purchasing the whole stock if it becomes available for purchase. If we are able to do so, we shall make a gain of $\frac{1}{4}$ of £1,200,000 or £300,000 or forty-five lakhs of rupees and we may have to pay $\frac{1}{6}$ per cent additional interest on the amount which we shall have to borrow which will be only £720,000 in all even if we cannot discharge any portion of it soon by the sale of the other kinds of securities now held by us. $\frac{1}{6}$ per cent on this will mean an annual loss of only £1,200 or Rs. 18,000, an insignificant sum considering that we gain £300,000 or Rs. 45 lakhs on the purchase. I do not think we shall have to bear even this small loss for any length of time, for I am sure that, as soon as the war comes to an end, the Bank rate of interest in England will go down to $4\frac{1}{2}$ per cent or even 4 per cent and when it does go down we shall be able to make a substantial profit from the interest which we shall get on the debentures after deducting the interest which we shall have to pay on the amount borrowed for their purchase. I would therefore go on purchasing the stock by raising funds on the security of the very stock purchased, until we have succeeded in buying the whole of the stock.

10. If we utilise £180,000 of our resources in England in purchasing the stock, we may have to borrow a corresponding sum in India to meet our ordinary requirements if we are not able to sell any of our securities here. This is a very remote contingency, for I am sure we shall be able to realise £180,000 by the sale of our securities soon after the new War Loans are closed about the middle of this month. Even if it takes some time it will not matter as we shall be able to manage without borrowing during the next 3 or 4 months and thereafter we shall be able to borrow from the Presidency Banks on the security of our investments. Further, I do not think it will be necessary for us to strengthen our cash balances in India to the extent of the full amount utilised in England for the purchase of the debentures. If the Government of India accepts our proposal to postpone the date of payment of the 1st instalment of the subsidy from January to March, it will improve our position to the extent of 17½ lakhs and we may safely expect an improvement in other directions of 9½ lakhs in the next 12 months. The total improvement may therefore quite possibly amount to 27 lakhs and it may not be necessary to borrow anything at all for our ordinary requirements in India.

11. To sum up my proposals are as follows :—

(1) A temporary loan of £80,000 may be taken at ½ per cent above Bank rate from Messrs. Coutts & Co., for about 7 months on the security of the stock already bought and the amount may be used for buying further stock.

As purchases are made, Messrs. Coutts & Co. may debit the cost in their accounts with the State and charge interest at the stipulated rate on the overdraft from day to day with an addition of £1,000 which the State has undertaken to keep with them as a minimum balance.

(2) The Comptroller may be authorised to continue the purchase of the Railway debentures by raising further loans in England on the same terms. The 3½ per cent paper and the other investments may be disposed of, as opportunities for sale offer themselves, with a view to make available funds sufficient for purchase, if possible, of even the whole issue of £1,200,000.

(3) The Railway debenture stock purchased may be held against the balance of Famine Insurance Fund, the Sinking Fund for the 4 per cent Loan of 1906, and the moiety of Savings Bank Deposits which should be held in the form of liquid investments.

(4) When a sufficiently large quantity of the Railway debentures has been purchased, it may be exchanged for an equivalent value of the 3½ per cent Government of India securities now held by the Controller of Currency on account of the sinking fund. These 3½ per cent securities can then be held by the State as its permanent investment on account of Famine Insurance, Savings Bank Deposits and other liabilities.

(5) If we are able to purchase only half the amount of the debentures, say of the nominal value of £600,000 at a cost of about £450,000, we shall be able to get in exchange from the Controller of Currency the whole of the 3½ per cent securities now held by him. We can hold them as a permanent investment and the whole of our other securities with the exception of about 30 or 40 lakhs worth can be disposed of gradually to pay for the purchase of the debentures and for utilisation on capital expenditure. If we can buy more of the Railway debentures, the position will be still better.

K. L. DATTA,
7-6-1917.